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FM AIT TAIPEI  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8402  
INFO RUEHBJ/AMEMBASSY BEIJING 4629  
RUEHUL/AMEMBASSY SEOUL 7586  
RUEHKO/AMEMBASSY TOKYO 7405  
RUEHCN/AMCONSUL CHENGDU 1027  
RUEHGZ/AMCONSUL GUANGZHOU 8948  
RUEHHK/AMCONSUL HONG KONG 5826  
RUESLE/AMCONSUL SHANGHAI 8348  
RUEHSH/AMCONSUL SHENYANG 4948  
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RHHJJAA/JICPAC HONOLULU HI  
RHHMUNA/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000382

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E.O. 12958: DECL: 02/06/2016

TAGS: [PGOV](#) [PREL](#) [TW](#)

SUBJECT: CHEN SHUI-BIAN'S CHINESE NEW YEAR SURPRISE

Classified By: AIT Acting Director David Davison,  
Reasons: 1.4 (b/d)

11. (C) Summary: In an informal Chinese New Year speech in southern Taiwan on January 29, President Chen announced that he was considering abolishing the National Unification Council (NUC) and National Unification Guidelines (NUG), using the name Taiwan in applying to join the UN, and holding a constitutional referendum in 2007, all ideas favored by the deep-Green pro-independence base supporters of the ruling Democratic Progressive Party (DPP). Chen's speech caught the bureaucracy by surprise, and senior officials have scrambled to express support and offer a variety of justifications for Chen's proposals. Chen may believe he has sufficient domestic political support on the pan-Green side to abolish the NUC and NUG, and his main concern in deciding whether or not to move ahead with abolishing the NUC and NUG may be his assessment of the U.S. and to a lesser extent PRC reactions. End Summary.

12. (SBU) On Sunday January 29, the first day of the long Chinese New Year holiday, President Chen Shui-bian generated new and unexpected controversy by announcing that he was considering abolishing the National Unification Council (NUC) and the National Unification Guidelines (NUG). Although Chen has never convened the NUC, he stated in his 2000 inauguration speech that "there is no question of abolishing the NUG and the NUC," a commitment he reaffirmed when he began his second term in 2004. Chen delivered his January 29 informal remarks, which also included suggestions to use the name Taiwan in applying to join the UN and to hold a referendum in 2007 on a new people-drafted constitution, to a luncheon group of political supporters in his home Tainan County. Presidential Office (PO) Secretary General Mark Chen accompanied the president at the luncheon.

13. (C) Chen's speech caught his senior advisors and the bureaucracy by surprise though Chen had reportedly previously mentioned the idea of abolishing the NUC and NUG in some private discussions with close political supporters. In addition, Examination Yuan President Yao Chia-wen, a deep-Green pro-independence figure, reported to President Chen in January that the World Taiwanese Convention wanted Chen to abolish the NUC and NUG. There is no indication that there was any bureaucratic vetting of Chen's proposals before he delivered his speech in Tainan County.

¶4. (C) In his speech, Chen said that everyone is calling for abolition of the NUC and NUG, which should be seriously considered and dealt with at an appropriate time, for "as everyone knows," the NUC is "just the signboard" of an empty store with "nothing to sell." Using the NUC to promote unification and having National Unification Guidelines that go so far as to accept the one-China principle are highly problematic, Chen argued.

¶5. (C) While Chen's Chinese New Year speech was unexpected, it fleshes out themes that Chen laid out in his formal New Year address on January 1. Although Chen did not mention the NUC or NUG on January 1, he did refer to a need to "keep a firm stance while moving forward pragmatically" on Taiwan sovereignty. The section on a new constitution in his January 29 speech is virtually identical to language in the January 1 speech. Also, in his January 1 speech, Chen expressed regret that Taiwan could not use the name Taiwan in international settings. The new proposal to use the name Taiwan in applying to the UN represents an effort to address that issue.

¶6. (C) Following Chen's speech, the Presidential Office scrambled to justify Chen's proposals. On the day of the speech, January 29, the PO linked consideration of eliminating the NUC to a recent Legislative Yuan (LY) resolution that called for the PO to abolish some other special councils, though it did not mention the NUC. The next day, January 30, the PO came up with a new justification, asserting that Chen's commitments not to abolish the NUC and NUG have a precondition: China must abandon the use of force to invade Taiwan. Given China's intentions to "annex Taiwan" as shown by its timetable for

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PLA preparations to resolve the Taiwan issue, an unnamed official perhaps from the National Security Council (NSC) asked, how can the "five no's" (which include not abolishing the NUC and NUG) continue to exist?

¶7. (C) For several days following his speech, Chen has remained silent about his proposal to abolish the NUC and NUG, perhaps waiting to gauge domestic, U.S., and PRC reactions. Foreign Minister James Huang has taken the lead in responding publicly to U.S. concerns, and the NSC has been tasked with reviewing the proposal to abolish the NUC and NUG. Premier Su Tseng-chang has remained silent on the issue, presumably out of deference to the president on cross-strait issues and perhaps also because Vice Premier Tsai Ing-wen, former Chair of the Mainland Affairs Council

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(MAC), is taking the lead within the cabinet on cross-strait issues.

¶8. (C) While the ideas expressed in Chen's January 29 speech are provocative to the PRC and the opposition, they are consistent with the tough line he first laid out on January 1 and has since followed. Chen may believe that the NUC and NUG are inappropriate to a now-democratic Taiwan because in theory they commit Taiwan to a process of unification, in contradiction to the DPP government's position that the people of Taiwan should have the right to choose their own future. Chen may also believe that his previous moderate policies cost him his base support without gaining support from middle voters or cooperation from the PRC or the opposition. Chen probably expects that shifting in the direction of the deep-green will boost his base support and very low public opinion approval rating.

¶9. (C) One common theory among political observers here is that Chen may again head toward the center of the political spectrum after consolidating his base. Another common theory is that Chen will continue taking a tough line to set the agenda for the 2008 presidential election as a showdown

between Taiwan and independence on the one side and China and unification on the other. In this scenario, the DPP will hope to exploit possible vulnerabilities of the Kuomintang (KMT) and its chairman, Ma Ying-jeou, the presumptive KMT presidential candidate, to criticism for being pro-China or pro-unification or both. The DPP has been successful in using similar issues in some previous elections.

Comment

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¶10. (C) Chen would like to abolish the NUC and NUG if the costs are not too high and he has floated the idea to gauge domestic, international and PRC reactions. Domestically, an unscientific call-in poll during a February 6 television news program showed support for, and opposition to, elimination of the NUC and NUG almost even, with voting on the issue high. Because DPP supporters will favor abolishing the NUC and NUG, that will encourage Chen to push ahead for political gain. Opposition from the pan-Blue will not be of great concern, because he is not hoping to gain their votes. Internationally, the U.S. reaction will be key, and Chen will also monitor the PRC reaction while deciding whether -- and when -- it is safe to abolish the NUC and NUG, or whether he should shelve the idea.

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